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RUCPDOG/USDOC WASHDC IMMEDIATE  
RUEHBS/USEU BRUSSELS IMMEDIATE  
RUEHAK/AMEMBASSY ANKARA IMMEDIATE 0382  
RUEHBY/AMEMBASSY CANBERRA IMMEDIATE 9644  
RUEHLO/AMEMBASSY LONDON IMMEDIATE 3455  
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SENSITIVE

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PK, CH

SUBJECT: CHINA/G-20/PAKISTAN: CHINA URGES WIDER SCOPE  
IN G-20 ACTION PLAN; WILL CONTINUE TO ASSIST PAKISTAN  
THROUGH BILATERAL CHANNELS

(U) This cable is Sensitive But Unclassified. Please  
protect accordingly.

Summary

1. (SBU) China believes a United Kingdom-drafted paper on follow-up taskings to finance ministers from the November 15 Summit on Financial Markets and the World Economy, in advance of the next G-20 summit, does not adequately address the political dimensions of the financial crisis, Chinese Vice Foreign Minister He Yafei told Under Secretary Jeffery during a December 4 pull-aside meeting at the U.S.-China Strategic Economic Dialogue. VFM He called for U.S.-China bilateral consultations on the U.K. proposal. Under Secretary Jeffery urged China to contribute meaningful support for Pakistan at a donor's conference now postponed until January 2009. VFM He stated that China will continue to provide assistance to Pakistan through bilateral channels, and given the conference's postponement, China will reconsider its level of representation to the conference. End Summary.

G-20 Workplan Too Narrow in Focus

2. (SBU) In a December 4 meeting on the margins of the U.S.-China Strategic Economic Dialogue, Chinese Vice Foreign Minister He Yafei told Under Secretary Jeffery that the paper circulated by the United Kingdom for following up taskings from the November 15 Summit on Financial Markets and the World Economy, in advance of the proposed April 2 G-20 Summit the UK will host, focuses too exclusively on the role of finance ministries. VFM He noted that the PRC MFA has the leadership role for this issue in China, because the financial crisis has broad political implications. Emphasizing that China does not currently accept the U.K. proposal, VFM He suggested the United States and China first consult bilaterally on the way forward for the next G-20 summit before addressing the elements of

the United Kingdom proposal.

Chinese Participation in Pakistan Donor's Conference

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13. (SBU) Under Secretary Jeffery highlighted the need for international financial support for Pakistan as it implements an IMF program to address its external financing gap and rebuild international reserves. In aggregate, the IMF loan amounts to USD 7.6 billion with USD 3 billion provided initially, an amount more than the IMF usually provides up front, Under Secretary Jeffery said. Given that the IMF estimates Pakistan will need an additional USD 4 billion to support the social safety net, Pakistan is seeking donor support from the United States, China, the EU, and other countries in the region. The United States hopes donors will provide meaningful support to augment IMF and expected World Bank funding.

14. (SBU) Under Secretary Jeffery said the United States urges China to make a meaningful contribution to Pakistan at a donor's conference, which is now been postponed from December 16 to January 2009. He explained that a number of countries advised that they cannot make a meaningful commitment in time for the December date, and hence, the conference has been postponed.

BEIJING 00004458 002 OF 002

15. (SBU) VFM He stated that Pakistan is a close neighbor and China's "all-weather friend." China has already provided Pakistan with USD 500 million in balance-of-payment support in cash. VFM He said China believes it can most effectively support Pakistan through bilateral channels, but China welcomes assistance for Pakistan from the international community. Given the originally proposed timing of the December 16 donor's conference, China would have been unable to participate at a high-level, VFM He said, but given the postponement, China will reconsider its representation at the donor's conference.

16. (U) Under Secretary Jeffery cleared on this cable.

RANDT